



Media Contacts:

Jim Martinez, 313.967.1357
jmartinez@waynecounty.com

Ryan Bridges, 313.354.4556
rbridges@waynecounty.com

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WAYNE COUNTY EXITS CONSENT AGREEMENT WITH STATE, POSITIONED NOW TO TACKLE REMAINING CHALLENGES

DETROIT – Today, Wayne County Executive Warren C. Evans announced he has received formal notification from State of Michigan Treasurer Nick Khouri approving the County’s request to be released from the Consent Agreement. This exit from the Consent Agreement comes about 14 months after the County entered into its agreement with the State. After reviewing the County’s progress, Khouri determined the County complied with terms of the agreement by eliminating its structural deficit and restoring its overall financial stability.

“The County is in its best fiscal position in quite some time, but there’s still a long way to go,” Executive Evans said. “Diligently implementing major pieces of our Recovery Plan has gotten us here but many key pieces of our Recovery Plan remain to be implemented. We are now, however, positioned to address those challenges.”

In complying with the Consent Agreement, the Evans administration implemented its Recovery Plan which eliminated a \$52 million structural deficit and \$82 million accumulated deficit while, at the same time, restructuring employee and retiree health care and pensions to eliminate \$829 million in unfunded health care obligations and raising the funding level of the County’s pension system from 45% to 54%. The County’s ability to utilize the Consent Agreement to negotiate new collective bargaining agreements with 12 of its 13 labor unions played a key role in restructuring the County’s finances and positioning it to move forward.

“Unfortunately there was no painless way to address a financial crisis of this magnitude,” Executive Evans said. “We are grateful to all who made sacrifices to help turn things around under the Consent Agreement. From employees and retirees to the County’s elected officials and the State Treasurer’s office, this positive turn around took a whole lot of work, cooperation and sacrifice to make it happen.”

Adhering to its Recovery Plan, the County balanced its budget two years in a row with an accumulated unassigned surplus of \$35.7 million for fiscal year 2015. That accumulated unassigned surplus is projected to increase for fiscal year 2016.



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Achieving surpluses is critical to continuing the County's recovery and addressing the key challenges still facing the County, including underfunded pensions, health care liabilities and the condition of the current jail facilities.

While the County was able to increase the funding of its pension system as the result of measures taken during the pendency of the Consent Agreement, it still has \$636.5 million in unfunded pension liabilities. It also reduced unfunded Other Post-Employment Benefits (OPEB) liabilities from \$1.3 billion to \$462 million, but the system remains severely underfunded. Addressing those issues as well as acquiring the estimated several hundred millions in bonds needed to complete the jail site on Gratiot remain key components of the Recovery Plan.

"It's a positive step, but not cause for any long celebrations," said Executive Evans. "The Consent Agreement allowed us to do what we needed to do, but it was never going to be a cure-all to Wayne County's finances. It was the necessary means to get our fiscal house in order so we could tackle the remaining challenges. We've made tremendous progress, but exiting the Consent Agreement only positions us at the starting line to get where we need to go as a County."

In June of 2015, Executive Evans requested the State of Michigan's Department of Treasury conduct a financial review, which resulted in the declaration of a Financial Emergency in Wayne County.

On Aug. 13, 2015, the 15-member Wayne County Commission approved the Consent Agreement. Executive Evans signed the Consent Agreement on Aug. 17, 2015, and the document was transmitted to, and then signed by, State Treasurer Khouri on Aug. 21, 2015, making the Consent Agreement effective. Executive Evans sent a formal request to the State on Thursday, Oct. 6, certifying that all requirements of the Consent Agreement had been met and asking to be released from the Consent Agreement.

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